



INSURANCE FRAUD INVESTIGATION DIVISION

Kentucky Office of Insurance

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Charges and Convictions Activity – October 2005

Mary Theresa Adkins – On or about 7/30/04, Adkins issued or presented a fraudulent insurance identification card to the Jefferson County Clerk for vehicle registration. On 8/25/05, she was charged with one misdemeanor count of fraudulent insurance acts in Jefferson District Court. On 9/9/05, Adkins pled guilty to the amended misdemeanor charge of fraudulent insurance acts. She was ordered to pay \$500.00 for investigation expenses to the Fraud Division and court costs of \$130.00.

Michael Jay Heathman – On or between 7/03 and 8/04, Heathman, a licensed insurance agent, received money for the purpose of purchasing insurance policies or investment vehicles, deposited the money into his own account, and failed to make the required payments. On 5/16/05, Heathman was charged with three felony counts of fraudulent insurance acts, two felony counts of theft by failure to make required disposition of property, and one felony count of criminal possession of a forged instrument in Fayette District Court. On 9/30/05, Heathman pled guilty to one felony count of criminal possession of a forged instrument, three felony counts of fraudulent insurance acts, and two counts of theft by failure to make required disposition of property. He was sentenced to five years on each count to run consecutively, except for one count of fraudulent insurance acts and criminal possession of a forged instrument count to run concurrently with the other counts for a total of 20 years in the penitentiary. He was also ordered to pay \$149,473.90 in restitution.

Karla Sue King Hinson – On or about 1/03 and 8/04, Hinson, a licensed agent, received money for the purpose of purchasing insurance while working for Kentucky Farm Bureau but failed to purchase the insurance. On 10/18/05, she was charged with one felony count of fraudulent insurance acts in Bracken District Court.

Christine McWilliams - On or about 3/25/04, McWilliams presented a fake insurance identification card to Jefferson District Court as evidence of insurance coverage. On 11/22/04, she was charged with one felony count of fraudulent insurance acts in Jefferson District Court. On 2/25/05, McWilliams pled guilty to the amended charge of fraudulent insurance acts, and was sentenced to 180 days conditionally discharged for two years, and placed in the insurance monitoring program.

Mike Mueller – On or between 2/19/04 and 10/10/05, Mueller submitted false documents for auto repairs to Indiana Insurance, Safe Auto, Lee Insurance, and Sentry Insurance. He also submitted a false claim for wage loss to Shelter Insurance on or about 6/15/05. On 10/10/05, he was charged with seven felony counts of fraudulent insurance acts in Laurel District Court.

David Pfefferman – On or about 6/3/03, Pfefferman, d/b/a Excavators, Inc., presented a fake or counterfeit bid bond certificate to the city of Lewisburg as evidence of insurance in order to obtain a contract for a construction project. On 9/8/05, he was charged with one felony count of fraudulent insurance acts in Logan Circuit Court.

Etta Perry - On or about 8/2/04, Perry presented a fake insurance identification card to Jefferson District Court as evidence of insurance coverage. On 11/22/04, she was charged with one felony count of fraudulent insurance acts in Jefferson District Court. On 1/25/05, Perry pled guilty to the amended misdemeanor charge of fraudulent insurance acts, and was sentenced to diversion, placed in the insurance monitoring program, and ordered to pay \$127.50 in court costs.

Gloria Ruth Rose – On or about 10/17/01 and 12/11/02, Rose, an agent for American Modern Insurance, accepted premiums from Kentucky Mountain Land Title Company for the purpose of purchasing annual insurance policies but failed to obtain the insurance. On 12/2/03, she was charged with five felony counts of fraudulent insurance acts in Laurel Circuit Court. On 8/26/05, Rose pled guilty to five felony counts of fraudulent insurance acts, and was sentenced to one year on each count to run concurrently and probated for six years. She was ordered to pay \$14,277.68 in restitution to American Modern at a rate of \$200 per month. The remaining 16 counts were dismissed.

Carol A. Stanley – On or about 1/10/03, Stanley presented a counterfeit and/or altered receipt to Allstate as part of a theft claim. On 6/11/03, she was charged with one felony count of fraudulent insurance acts in Jefferson Circuit Court. (Delay in reporting due to untimely receipt of court documents.)

Del Thompson – On or about 6/10/04, Thompson presented a fake insurance identification card to Jefferson District Court as evidence of insurance coverage. On 11/22/04, she was charged with one felony count of fraudulent insurance acts in Jefferson District Court. On 1/6/05, Thompson pled guilty to an amended misdemeanor charge of attempted fraudulent insurance acts, and was sentenced to 365 days conditionally discharged for two years, and ordered to pay \$127.50 in court costs.

Dewayne Williams – On or about 3/31/04, Williams presented a fake insurance identification card to Jefferson District Court as evidence of insurance coverage. On 11/22/04, he was charged with one felony count of fraudulent insurance acts in Jefferson District Court. On 1/24/05, Williams pled guilty to the amended misdemeanor charge of no insurance, and was sentenced to diversion and placed in the insurance monitoring program. He was also ordered to pay \$102.50 in court costs.

Oliver Bruce Hurley/Charles William Johnston - On 3/3/05, Hurley and Johnston were each charged with eight counts of mail fraud, one count of money laundering, and two counts of criminal forfeiture in U.S. District Court-Eastern District of Kentucky. On 9/9/05, **Oliver Bruce Hurley** pled guilty to one felony count of mail fraud and was sentenced to 25 months in federal prison and one year of supervised release. He was ordered to pay \$500,000 in restitution with \$275,000 to be paid to AIG and \$225,000 to be paid to KEMI. Also on 9/9/05, **Charles William Johnston** pled guilty to one felony count of mail fraud and was sentenced to 25 months in federal prison and two years supervised release. He was ordered to pay a \$250,000 fine and \$1,000,000 in restitution with \$550,000 to be paid to AIG and \$450,000 to be paid to KEMI.

Carolyn Gambrel - On 3/3/05, Gambrel was charged with one count of money laundering and one count of criminal forfeiture in U.S. District Court-Eastern District of Kentucky. On 9/9/05, Gambrel pled guilty to one felony count of money laundering and was sentenced to three years probation, including six months of home detention. She was also ordered to pay a fine of \$30,000.

The defendants listed above operated an employee leasing company, which provided coal miners to coal mining operations. They were required under Kentucky law to maintain workers' compensation insurance for their employees. They defrauded their workers' compensation carriers, Kentucky Employers Mutual Insurance, Birmingham Fire Insurance, and Commerce and Industry Company, by greatly under-reporting the number of employees on insurance forms. They also created two companies with similar names but only purchased workers' compensation coverage for the company with the smallest number of employees. The amount of loss to the insurance companies is approximately \$6,000,000.00. Defendants would convert these proceeds to cash by writing checks to Gambrel's Foodmart for nonexistent goods and services. Carolyn Gambrel would cash the check, take a small fee, and give the cash to Slater or Hurley. On 3/3/05, the defendants were charged in U.S. District Court Eastern District of Kentucky, in Lexington.